Mr. T. Narayana Menon *(Conservator of Forests):* It is species of inferior soft-wood.

Mr. T. A. Ramachandra Ayyar *(Nellayi):* What is the rate at which timber is supplied to the Tatas ?

Mr. T. Narayana Menon *(Conservator of Forests):* About Rs. 8—8—0 per candy.

Mr. T. A. Ramachandra Ayyar *(Nellayi):* What will be the expenditure to transport this timber from Kodasseri to Ernakulam ?

Mr. T. Narayana Menon *(Conservator of Forests):* Felling, collection and transport—all these come to Rs. 5—5—0 per candy.

Mr. T. A. Ramachandra Ayyar *(Nellayi):* So, they will take it from the Ernakulam Depot ?

Mr. T. Narayana Menon *(Conservator of Forests):* Yes.

Mr. A. B. Salem *(Mattancheri):* May I know why this item No. 12 was not placed before the Standing Finance Committee for its consideration before it is placed in this House. I find in the minutes of the Standing Finance Committee that only the first 11 items were considered.

Mr. President: It was taken on the 2nd day and considered, and you will find it in the minutes of that day.

Demand put and carried.

Presentation of the Budget Estimates for 1118

Mr. P. V. Raphael *(Comptroller of Finance and Accounts):* Sir,

INTRODUCTORY

With your kind permission, Sir, I rise to present before the House the budget estimates for the coming year, prefaced as usual with a brief reference to the actuals of 1116 and the revised estimates for the current year.

Though no stranger here I am nevertheless new to my present task; and I would therefore crave the kind indulgence of the House if any failings are noticed in the performance of my duties in spite of my earnest endeavour to give, one and all, the highest possible satisfaction. The framing of the budget, ever a trying task, has become doubly so in the exceptionally difficult and uncertain circumstances of these critical days. The War, now nearly three years old, has literally spread out its full tentacles over the whole world. The international situation is changing every day with staggering rapidity; the normal ebb and flow of commerce and industries is brought to a stand-still with all the consequential repercussions of famine and destitution; insensate destruction and ruthless slaughter are everywhere, around us, sapping the very foundations of human happiness, of individual liberty and national freedom. Innumerable are therefore the problems that confront the Government. There is first of all the imperative necessity of helping to the utmost the suzerain power in its fight, on our behalf too, against totalitarian despotism and terrorising militarism; there is the equally indispensable need of providing for the internal peace and security of the State; there is again, the most pressing problem of ensuring a sufficient supply of food, clothing and other necessaries of life to the people of an agricultural country which—para-doxical as it may seem —has to depend on foreign countries to a large extent—all these and many more have to be attended to without at the same time sacrificing any of the vital requirements of a growing administration. And the budget before you reflects in a great measure all the growing anxieties and painful perplexities of the Government in the face of these ever-increasing problems. Their only consolation is in the firm hope that the House too will realise these difficulties and obstacles of the present hour and will extend to them the hearty and sympathetic co-operation which has never been denied in the past and which they have no reason to doubt in the future.

Let it not be understood, however, that I am preparing the House for a gloomy adversity budget. Far from it. No doubt the budget which is necessarily set in a framework shaped by the world and local conditions beyond our control cannot help reflecting as it should, the struggles and tribulations of the times in so far as they relate to this State; but I may at the very outset state that it is however, both a "nation saving" and "nation building" budget which has made ampler and larger provision for the nation building departments while ruthlessly and remorselessly cutting down all doubtful or avoidable items, so as to meet all the more efficiently the needs of the war situation. To preserve the social life of the people is the first duty of any State, while its second is to make that social life better worth living; and it is a generally accepted principle of Public Finance that in the discharge of the above duties, the guiding motive should be "maximum social advantage"—which will be achieved when the

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maximum of taxation is limited by the point at which the satisfaction resulting from further public expenditure is at least equal to the sacrifice involved in raising further public income. It is on these principles that we have endeavoured to frame the Budget that is now before the House.

ACTUALS OF 1116

I shall begin by offering a few remarks on the actuals of 1116 and the revised figures for 1117 and then proceed to review in some detail the influence of the various forces working on our budgetary prospects for the ensuing year. While the budget estimates for revenue and expenditure for the year 1116 *viz.*, Rs. 114·50 lakhs and Rs. 108·97 lakhs were expected to result in a surplus of Rs. 5·53 lakhs, the actual transactions of the year, however, gave an increased surplus of Rs. 12·04 lakhs from which a sum of Rs. 10 lakhs has been transferred to Revenue Reserve Fund. The realised revenue and the real expenditure were thus Rs. 121·46 lakhs and Rs. 109·42 lakhs respectively (excluding the transfer to R. R. Fund) thus showing an improvement of over Rs. 6·51 lakhs on our expectations of a year ago. I would hasten to add that this was not brought about by any under-estimating of the income or over-estimating of the expenditure—a charge generally levelled against the Government on such occasions—but due solely to unforeseen and unforeseeable windfalls under Income-tax, Railway, Public Works, Forests, etc., and to the strict and severe control exercised over all routine expenditure though spending liberally at the same time to render timely help to the destitute and the public in general who were affected by the unprecedented cyclone which swept over several parts of the State in Edavam last year.

The State had, after making due provision for all liabilities a net asset of Rs. 113·06 lakhs at the end of 1116, as against Rs. 111·02 lakhs at its beginning.

REVISED ESTIMATE OF 1117

Under such auspices it was that the year 1117 started; and it budgetted for a total revenue of Rs. 113·48 lakhs and a total expenditure of Rs. 108·96 lakhs, leaving a surplus of Rs. 4·52 lakhs. But, on the basis of the actuals so far known, the revenue is expected to stand at Rs. 127·56 lakhs and the expenditure charged to revenue at Rs. 119·62 lakhs—the highest figures in the annals of our history. The current year is thus expected to close with a surplus of Rs. 7·94 lakhs, *i.e.*, Rs. 3·42 lakhs more than our anticipations.

The excess of Rs. 14·08 lakhs on the revenue side has, as usual, been brought about by an improvement under several heads, as set off by short falls under some others. I shall briefly dwell on some of the most important heads under which we expect striking variations.

First and foremost has to be mentioned the increase under "Income-tax". Hon'ble Members might feel surprised how such a result could have been brought about when we are in the midst of a destructive war with all its depressing concomitants. But I may at once clear the position by pointing out that the receipts relate to 1116, when the developments of the war brought comparatively large unearned profits to our merchant princes which, with the revised rates of taxation and the introduction of the Excess Profits Tax are expected to give us a much needed enhanced income without putting the common people to any additional sacrifice.

Next comes "Railway" the revenue under which is expected to yield an improved return of Rs. 3·83 lakhs over the budget estimate of Rs. 20 lakhs on account of increased traffic.

The next item in importance is "Forests" the receipt under which promises to reach the high water mark in the revenue of the department realised for over a decade, *viz.*, Rs. 8·65 lakhs as compared with the budget estimate of Rs. 6·54 lakhs brought about by the sharp rise in demand for the use of soft wood and better prices obtained therefore besides the income brought by the collection and sale of numerous trees up-rooted by the Cyclone.

The appreciable increase of Rs. 1·15 lakhs noticed under "Miscellaneous" is only apparent in that it is the outcome of the proposed transfer of Rs. 1 lakh from the Revenue Reserve Fund for payment to the H. M. I. S. Cochin Fund.

The increases under other heads are too small to require any mention here.

The only head which anticipates an appreciable fall in revenue is "Land Revenue" and even this is only the outcome of the deep interest which the Government take in the well-being of the agricultural population of the State. As I stated elsewhere the cyclone of last year caused widespread suffering among the subjects and hence a liberal remission was granted to mitigate the distress of the ryots affected by the failure of crops which thus caused a fall of Rs. 0·58 lakh in the anticipated income of Rs. 12·63 lakhs.

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